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HOW TO: FIND AND HIRE GOOD PEOPLE

There comes a time in the life cycle of your business—if it's a successful venture, anyway—when you can no longer juggle all the myriad tasks, big and small, that inevitably fall to the owner of a growing operation. This is just as well: Your core competency is your creative vision or your salesmanship or your motivational ability or whatever skill it is that's most crucial to the survival and growth of your company. And chances are it's *not* your talent for writing checks or sending out bills or balancing the books or hiring hourly help.

But focusing on what you do best first requires tackling some tough questions: How do you find the right senior staff member—a general manager, say, or a bookkeeper or even a right hand—whom you can rely on to keep the infrastructure of your business running smoothly while you focus on the big picture? How do you choose a great salesperson, HR manager, or warehouse supervisor?

Luckily, there's no need to reinvent the wheel here: Those who have gone before have fine-tuned the art of making the right hire. What follows is a four-part guide to best practices in recruiting and hiring: a step-by-step strategy for finding the right people, a list of the screening procedures, sample questions for the interviews you conduct, and additional hiring resources. Please read on.

FINDING THE RIGHT PERSON

1. The Job Description

The first step is to define the open position—if nothing else, it will help you clarify the sort of person you want and the kind you don't. Get input from everyone who will be working with the new hire. A proper job description will identify the job's title, the range of tasks involved, and any requirements in terms of education, work experience, professional certifications, and technical skills. (On the other hand, don't overdefine the job: You want some flexibility when you ask the person to take on unforeseen assignments and tasks.) And though many companies are reluctant to include the salary for competitive or internal political reasons, recruiter Tom Darrow of Atlanta-based Talent Connections recommends including at least a range, which will screen out some inappropriate candidates.

Write a job description that jumps off the page. If it doesn't sound like an exciting opportunity to you, it probably won't sound appealing to talented candidates. Be truthful, of course—but this is a time to put on your sales hat (or ask your best salesperson to pitch in). Elaborate on the positives of your company's culture—you might, for example, emphasize the collaborative or entrepreneurial environment or opportunities for professional growth. Talk up any benefits you offer. But above all else, make clear your passion for your business.

2. The Labor Pool

The easiest way to recruit new employees is to foster camaraderie among your existing staff, says Becky Strickland, a consultant in Pueblo, Colorado. Your employees can be your best source of referrals. They know the company and can usually tell when someone is a good fit. Some entrepreneurs are reluctant to hire close friends or relatives of

their employees, however, because if the new hire doesn't work out, it can poison the existing relationship.

Other good recruiting sources? HR pros find online job postings at sites like careerbuilder.com and monster.com effective. Many trade associations post industry-specific job classifieds on their websites. (Check weddles.com for a directory of more than 1,500 trade associations.) Darrow recommends the message boards at Yahoo Groups (groups.yahoo.com), which hosts e-mail listservs defined by industry and region.

Put a "careers" section on your website. Interested visitors can find contact info,

which generates a list of candidates with an affinity for your line of work. Another strategy is to hire a recruiting researcher, a specialist who uses the Web and other resources to develop a list of potential candidates with proper backgrounds. A recruiting researcher might charge \$75 an hour but often can generate a list within two to six hours.

Some entrepreneurs argue that you should never hire someone unemployed—the thinking is that you know a person is capable of holding down a job if he or she is holding down a job. But there's another school of thought on this point: Other business owners say they don't like to lure people away from other jobs unless they're actively looking, because such

DOING YOUR DUE DILIGENCE

Checking on potential hires is fraught with hazards, legal and otherwise. Get written consent, and make sure policies are consistently applied. A signed and dated application is a must; be clear that lying on the form is grounds for dismissal.

BACKGROUND CHECKS Most employers hire outside vendors to conduct criminal background checks. Federal and state laws limit the kind of information you may retrieve and how you use it. (For example, a criminal record is not by itself legal grounds for refusing employment.) Conviction records reside at courthouses around the country, so be wary of screeners who promise instant checks. But database aggregator ChoicePoint (choicepoint.com) will instantly search an extensive, though not complete, range of sources for less than \$100. Screeners can search anything from credit reports to workers' comp filings as well, but the fees can add up. Limit searches to those that materially relate to the job—driving records if the position requires a lot of time in the car, for example.

DRUG TESTS You need to be burned only once by an employee with a bad habit to conclude that when it comes to your company, security trumps privacy. In any case, more of your competitors are handing out plastic cups—a recent survey found that 84 percent of companies test new hires for drugs.

REFERENCE CHECKS Reference checking can be time-consuming and frustrating. Previous employers, wary of being sued, often disclose little. Darrow suggests asking for the names of colleagues and supervisors who no longer work for the employer. You may get a clear answer by asking if the candidate is "eligible for rehire." In general, ask leading questions and make inferences from evasiveness and faint praise—if your suspicion is misplaced, the reference will tell you. And document all reference-check efforts, successful or not.

employees often expect star treatment and tend to be easily poached by yet another company.

3. The Interview

More companies are using so-called behavioral interviews to determine whether a candidate is right for a particular job. Conventional interviews tend to focus on the candidate's biography and sometimes include questions about how he or she would handle a hypothetical situation. Behavioral interviews instead ask the candidate to describe how he or she handled specific real situations in the past. For example: "Tell me about a time when you did something innovative that added to the bottom line." The

time to determine what the prospect is looking for—it's seldom just money. Darrow cites studies that put money about fifth in importance. No. 1? Creative challenge. Use what you glean to formulate the offer.

4. The Offer

Make the offer yourself, says Darrow, because "it's a good time to start building trust and rapport." Extend the offer quickly, and do it in person if you can. (Time trumps a sit-down.) Highlight the benefits that matter most to the candidate, and have ready an offer letter that puts everything in writing, even if you will be paying by the hour. Condition the offer on passing a background check, which should begin once the candidate accepts. (See "Doing Your Due Diligence," opposite page.) Candidates typically make a counteroffer, not just to get more out of you but to show they're not pushovers. "It makes sense to make a good offer but not the top offer," says Darrow. "Leave some room to negotiate."

Don't overpromise about job security. Assuming there's no employment contract involved, employment is generally an "at-will" relationship—meaning that the employee may be fired and may quit for any reason or no reason at all. But courts have occasionally found that employers forfeit their blanket freedom to fire by making written or oral promises or statements that seem to contradict the at-will presumption. Protect yourself by asking applicants to sign an at-will acknowledgment as part of their written application. (See the "Resources" box at right for how to get a free application document.)

The Gallup Organization places the cost of a bad hire as being 3.2 times the individual's salary.

theory—backed by a fair amount of research—is that past performance is the best indicator of future performance. (For more on behavioral interviewing, see the sidebar at right and www.inc.com/keyword/scienceofhiring.)

Trust your instincts—but not too much. Several people on staff should meet the candidate separately. Interviews are a time to determine how well someone matches the position you're filling, not how much you will like the person. Guard against forming quick impressions, and be aware that your personal hunches could work against you. Many entrepreneurs tend to thrive on optimism and decisiveness, whereas *skepticism* and *patience* are watchwords when it comes to hiring. The interview is also

TO GET USEFUL ANSWERS, ASK HARD QUESTIONS

The behavioral interview is fairly straightforward. Say you're evaluating how a prospect handles conflict. You might ask: **Tell me about a recent situation in which you had to deal with a very upset customer.**

If the job entails team building, you could ask: **Tell me about a time when you had to get a diverse group of workers to cooperate. How did you do it?**

In some cases, the candidate's answers will lead to the next question. So, if your company is looking for an organized and detail-oriented project manager, start by asking: **Tell me about a project you've planned in the past year.**

Then, if the candidate says she organized a major sales conference, respond with: **Walk me through how you planned the event.**

As she recounts her efforts, you might drill down: **How did you manage last-minute hotel accommodations?**

Finally, ask her to describe the result: **How did the conference turn out?**

Resources

For sample application forms, go to jobsearch.about.com/od/jobapplications.

The Society for Human Resource Management offers material on all aspects of managing employees at shrm.org.

For an *Inc.* guide to behavioral interviews, go to www.inc.com/keyword/scienceofhiring. Applicants and employers can benefit from the advice at quintcareers.com/behavioral_interviewing.html.

